

**GOVERNMENT THAT WORKS**  
**NEW JERSEY DEPARTMENT OF THE TREASURY**  
**LOCAL GOVERNMENT BUDGET REVIEW**

**BURLINGTON COUNTY SOLID WASTE UTILITY**

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## INTRODUCTION

On May 1, 1997, the United States Court of Appeals for the Third Circuit affirmed a District Court Ruling in Atlantic Coast Demolition and Recycling v. Bd. of Freeholders, Atlantic County, 112 F.3<sup>rd</sup> 642, that a principal element of the State of New Jersey's waste flow control regulations, specifically N.J.A.C. 7:26-6.5, is unconstitutional as it discriminates against out-of-state operators of waste disposal facilities. The Third Circuit also eliminated the two-year transition period established by the District Court. On November 10, 1997, the United States Supreme Court denied the State's petition for certiorari such that the Third Circuit's decision is final. In order to provide an orderly transition to waste disposal options, each of the state's 21 counties and the Hackensack Meadowlands Development Commission must re-evaluate its solid waste strategy and develop plans that address their own specific long-term solid waste disposal needs to develop and implement plans that address their own specific long-term solid waste disposal needs.

The federal court decisions have had an immediate pricing impact on disposal rates in the region. Public and private landfills, along with the five Resource Recovery Facilities (RRF) in the state, have reduced solid waste tipping fees in an attempt to become market competitive and sustain their current share of solid waste. This reduction in the tipping fee is having an impact on the ability to continue to provide environmentally sound disposal services at the lowest possible cost. Long term planning for solid waste disposal services is vital to satisfy the dual obligations to dispose of solid waste in an environmentally responsible manner and to minimize solid waste disposal costs. Tipping fees must become market competitive, and special revenue sources will be required until the County or County authority can implement the plans necessary to streamline its costs while meeting all its operational and debt service requirements.

## **OPPORTUNITIES FOR CHANGE**

### **Solid Waste Partnership Program The Report of the Burlington County Solid Waste Utility Budget Review Team**

In response to the Atlantic Coast decision, the Whitman Administration established the Solid Waste Partnership Agreement Program to assist counties and county authorities to streamline operating costs, temporarily stabilize tipping fees, and re-evaluate long term waste management strategies.

As part of the Solid Waste Partnership Agreement Program, the state budget authorizes the state to “subsidize county or county authority debt service payments for environmental investments incurred as of June 30, 1997... in accordance with criteria and program guidelines established by the Commissioners of DEP, DCA and the State Treasurer. Expenditure of such funds is conditioned upon the State Treasurer having conducted or contracted for an operational audit of such county or county authority, and such county or county authority having implemented the audit recommendations to the satisfaction of the State Treasurer.”

The focus of the Partnership Agreement Program utility reviews is short term; it is intended to help counties and county utility authorities maintain the ability to meet debt obligations in a changing market, while developing and implementing long term operational plans. The efforts to reduce the cost of solid waste disposal have focused on the re-negotiations of existing agreements, administrative reductions and the possible retirement and/or restructuring of outstanding obligations. The county or county authority must also maximize all other income potential to mitigate unanticipated market changes.

This review and report was completed in response to the Burlington County Solid Waste Utility’s request to participate in this special review program. This is the first step in the re-evaluation of solid waste strategies with the state’s assistance. This report provides a starting point for further discussions between the County of Burlington (the “County”), its professional staffs, consultants, facility operator, the County and the State in order to develop a final partnership agreement. A final Partnership Agreement will be executed by the Department of the Treasury and the County of Burlington.

## BACKGROUND

Burlington County has a population of 420,323 (as of 1998) consisting of 40 municipalities covering 827 square miles. NJDEP tonnage records for 1996 indicate that approximately 365,000 tons of solid waste is processed annually through the Burlington County solid waste disposal system. Burlington officials have informed the team that solid waste tonnage for 1998 is estimated to be approximately 300,000 tons/annually, a reduction of 20%. Burlington County is receiving all municipal solid waste generated within the County via contracts with each municipality. The decrease in tonnage is attributable to commercial generators seeking more competitive tip fee rates at out of state facilities, due to Burlington County's proximity and access to Pennsylvania landfills. These tonnages have allowed operating and debt service requirements to be met in 1998. However, officials are hopeful of regaining all its commercial market share as a result of a competitive tip fee and the elimination of hauler escrow charges. There has been a decrease in tonnage for the first few weeks in August of 2000, but Burlington officials attribute this decrease to the positioning of Eastern Environmental for acquisition by Waste Management Inc. by depositing its solid waste into its own western PA landfills instead of the less costly Burlington County landfill. It is expected that tonnage will return to levels ranging between 300,000 and 350,000 annually. In 1999, Burlington's landfill took in 300,983 tons. Officials have stated that 15% of its waste stream, or 55,000 tons, were lost to Camden County in 1999.

Burlington County has identified several potential cost reduction measures in conjunction with its solid waste disposal strategy. These are listed below:

- Eliminate Operation of On-Site Transfer Station. This occurred in August, 1998, resulting in a savings of \$840,792 annually.
- Regional Recycling Program:
  - reduce frequency of collection;
  - perform efficiency study of collection program; and
  - privatize collection if efficiencies cannot be achieved.
- Privatize Operation of On-Site Wastewater Treatment Plan.
- Reduce Hours of Operation.

Of the above strategies listed, the County has eliminated operation of its transfer station, and is implementing bi-weekly collection of recyclables. **Implementing biweekly collection of recyclables is estimated to have saved the County approximately \$500,000 annually.**

## TRANSFER STATION CONTRACT TERMINATION

The County had budgeted \$3.3 million for its operations contract with Chambers, Inc. for the landfill and transfer station. There is a projected decrease in the landfill operations contract to \$2.5 million to reflect the termination of the transfer station-operating contract. The transfer station was closed in an effort to reduce the solid waste tip fee to the lowest extent possible. The

contract with Chambers was extended for a twelve-month period from April 1, 1999 to March 31, 2000 and for another 12 month period from April 1, 2000 until March 31, 2001. The total sum to be paid to Chambers in the extension period is \$2,433,890, which reflects a credit of \$840,794 for termination of operations at the transfer station, a credit of \$41,000 for modifications to equipment, plus an additional sum of \$23,000 for maintenance of the grounds at the co-compost facility. The County also realized savings of \$490,462 (a credit of \$70,066 monthly for seven months) for terminating operation of the transfer station from September 1, 1998 to March 31, 1999.

## **SOLID WASTE MANAGEMENT PLAN**

The District Solid Waste Management Plan, adopted in 1979, encompasses solid waste disposal services at the transfer station and landfill, County-wide curbside collection of recyclables, as well as sludge management at the state of the art composting facility. At the time of adoption, there were five major private landfills and numerous municipal landfills in operation in Burlington County. Three of the private landfills were listed under the Superfund program, and one is being remediated by NJDEP under a State funded site remediation program. Burlington County proceeded with acquiring its own landfill capacity to ensure the long-term availability of environmentally sound disposal facilities. The solid waste utility fund is required to be self-liquidating on an annual basis pursuant to N.J.S.A. 40A:2-45. According to the Burlington County District Solid Waste Management Plan, Sludge and Septage Management, adopted 8/13/86, solid waste generation rates are based upon a 365-day year using a per capita generation rate of 1.3 tons per year. The per capita rate was developed in a 1983 report prepared for the New Jersey Department of Environmental Protection by the Mitre Corporation entitled "New Jersey Resource Recovery Financial Plan."

Burlington's strategy relies upon multiple waste management methods and facilities to meet solid waste and recycling goals imposed by the Legislature, and also provides for co-management of sludge and solid waste disposal.

## **CO-COMPOSTING FACILITY**

The co-composting facility furthers the resource recovery goals of the Solid Waste Management Act and the beneficial reuse policies of NJDEP. The State Legislature recognized the inherent compatibility of solid waste and sludge management and, in view thereof, amended the Solid Waste Management Act in 1997 to require that counties supplement their solid waste planning efforts to include sludge. In 1982, Burlington adopted major amendments to the District Plan that identified the co-composting of sludge and solid waste as the selected means to maximize resource recovery. Processed municipal solid waste was to be mixed with de-watered sewage sludge to generate a usable end product. The County proposed construction of a facility that would mechanically separate municipal solid waste into a compostable fraction and a refuse derived fuel. At present, only processed wood waste that would otherwise be landfilled is composted with sewage sludge. However, it remains the intent of the County to direct more

solid waste to the co-composting facility beginning with source separated food waste, and eventually, processed municipal solid waste. The co-composting facility is designed to process all dewatered sludges generated within Burlington County. The County has also contracted with outside sources to deliver dewatered sludge to its facility for beneficial reuse pursuant to an Interlocal Services Act. The County processes the dewatered sewage sludge in accordance with permits issued by NJDEP and the resultant compost product is marketed for beneficial reuse.

The current effective tipping fee for FY 2000 is \$42.50 per wet ton. The County provides transportation services to sludge generators and passes the cost of such service directly through to each generator. The operations contract for the co-compost facility is approximately \$1.5 million per year dependent upon the quantity of sludge processed, such amount plus pass through expenses are expected to be covered by the revenues generated by the facility. The facility combines sludge produced by sewage treatment plants with wood chips, yard and food waste, which is then converted into compost for sale to commercial vendors. The County is guaranteed income of \$225,000 annually for the sale of the compost material. In 1999, 57,033 tons of sludge were processed at the co-composting facility, with 36% of the total volume coming from the Camden County Municipal Utilities Authority. The \$42.50 tip fee is expected to rise to \$44.00 per ton, effective January 1, 2001 and the County anticipates that all contracts will remain in place.

At the time of our review, there were available proceeds from a 1991 Wastewater Treatment Trust financing in the amount of approximately \$5,000,000. This amount, which remains as unspent proceeds, generates enough interest income, along with a portion of the earnings on the debt service reserve fund, to pay the annual interest on the Trust Bond. For 1999, this amount is approximately \$1.1 million.

The \$37 million co-composting facility, located on a 33.3-acre site in the northwestern portion of the Resource Recovery Facility, was constructed and is operated by Wheelabrator Clean Water New Jersey, Inc. in a construction and operation agreement dated May 10, 1996. Wheelabrator is responsible for the design, construction, start-up, acceptance test, operation, maintenance and marketing of the compost. The County entered into loan agreements with NJDEP and the New Jersey Wastewater Treatment Trust Fund pursuant to the 1991 Wastewater Treatment Trust financing to finance construction. The facility is owned by the County.

Minimum staffing levels at the facility include one plant manager, one operations manager, two machine operators, two maintenance mechanics/electricians, one compost operator, one administrative assistant, and one and one-half sales managers. The County has capitalized the start up costs of \$1.5 million as part of a newly introduced bond ordinance.

The gross operational costs of the co-composting facility in the approximate amount of \$2.3 million per year are currently supported by the sludge tipping fee and composting revenues received in connection with the facility. However, the annual debt service associated with the 1991 Wastewater Treatment Trust in the approximate annual amount of \$3.7 million is not being supported by the sludge tipping fee.

## **SOLID WASTE DISPOSAL STRATEGY**

Burlington's strategy in response to the deregulation of solid waste flow is to secure voluntary contracts for the delivery of solid waste and sludge to its Resource Recovery Complex. A contractual flow control strategy provides for voluntary participation by municipalities, haulers and generators. All 40 municipalities in the County are tied to contracts that expire in December, 2000. The County intends to execute new contracts with its municipalities prior to the expiration date of the current contracts.

This strategy has proved successful as the County's 40 municipalities have entered into solid waste disposal contracts pursuant to the Interlocal Services Act, N.J.S.A. 40:8A-1, et. seq. Municipalities deliver waste that is generated in its geographic boundaries to the Resource Recovery Complex in exchange for the provision of environmentally sound disposal capacity for non-hazardous waste, the collection, processing and marketing of recyclable materials designated to be recycled pursuant to the Mandatory Source Separation and Recycling Act, N.J.S.A. 13:1E-99.1 et. seq., and the District Recycling Plan. Operation of the Household Hazardous Waste Facility would allow access by residents of the municipality and use in accordance with applicable law. It would also provide facilities for the receipt and processing of bulky recyclables delivered to the complex by the municipality, and provide support services, such as educational programs aimed at increasing participation in recycling programs. Municipalities who choose not to participate in the system would not receive any other services of the solid waste system, including curbside recycling collection. Municipalities who choose to join the system at a later date may be assessed a fee in excess of the fee charged to those municipalities who did execute contracts by a specified date. The County recognizes the military installations of Fort Dix and McGuire Air Force Base as municipalities for purposes of their solid waste management plan. We recommend that the County continue to attempt to extend these contracts at the competitive tip fee for the municipalities within Burlington County to ensure adequate revenue streams for operational and debt service needs.

The Board of Chosen Freeholders created a Solid Waste Utility Fund that would maintain financial and accounting records related to the solid Waste Management Plan. Revenues into the fund include solid waste tip fees, fees collected through assessment of an EIC, sludge processing fees, fees delivering waste to the Household and Small Quantity Generator Hazardous Waste Facility, fees for processing bulky recyclables, grants from federal, state and local agencies, income from the sale or lease of property or assets, income from the sale of recyclables, interest income on investment earnings, and other miscellaneous revenues.

## **RECYCLING OPERATIONS**

The County has contracted with the Occupational Training Center of Burlington County (OTC) to provide the County with recyclable material marketing services, a recyclable materials collection program, and operation of the recycling facility. Besides providing for normal recycling operations, the OTC also has responsibility for loading and transporting soil to the landfill to be used as cover, operating the Bulky Materials Recycling Center, and providing



personnel to work under the direction of Rutgers and the Board of Freeholders at the experimental Greenhouse. In return for providing these services, OTC is entitled to an administrative fee, and reimbursement for all direct costs.

The County provides curbside recycling collection only to municipalities who enter in to the voluntary solid waste disposal contracts with the County. The cost for this service is included within the County tipping fee. As such, both municipalities and commercial generators (who voluntarily deliver waste to the complex) support the cost of this service. Given the inability of the County to re-impose statutory flow control over the delivery of waste, it is of paramount importance to the solvency of the Burlington system that the County charge a sufficiently competitive disposal rate to attract a minimum quantity of waste to the complex. While the removal of this recycling charge from the tipping fee could reduce the overall tipping fee, the municipalities, under such a circumstance, would be obligated to provide this service directly. The cost to the municipalities to individually provide (or independently contract for) this recycling service to its constituents is greater than the marginal increase to the County tipping fee for recycling services both as a function of (a) economies of scale (single larger entity contracting for a single larger scale service vs. many smaller entities contracting for many smaller scale service) and (b) the marginal cost to provide this service to commercial entities (because this cost is no longer supported by tipping fees paid by such generators).

While the NJDEP and this office have historically recommended such recycling cost be segregated from solid waste disposal tipping fees, given the strict competitive requirement of the Burlington system to assess a market tipping fee, the inability of the County to re-impose flow control and the historic performance by the County of securing municipal contracts by including such curbside recycling services, the State would not recommend the removal of this service from the solid waste tipping fee.

## **SOLID WASTE MANAGEMENT SERVICE FACILITIES**

The facilities that are necessary to implement Burlington's strategy are located on 550 acres at the Burlington County Resource Recovery Complex in Florence and Mansfield Townships. These facilities include:

- 54 acre sanitary landfill, and 68 acre sanitary landfill (currently under construction);
- co-composting facility (currently under performance testing);
- scalehouse and on-site transfer station;
- household and small quantity generator hazardous waste facility;
- bulky recyclables storage and processing facility;
- landfill gas collection and recovery systems;
- processing facility for commingled recyclables (located in Westhampton Twp); and
- greenhouse facility.

Burlington County Solid Waste Utility owns vacant land located outside of the Resource Recovery Complex (RRC) which includes 6.27 acres in Mansfield Township (future site of New

Jersey Ecocomplex headquarters) and eight acres in Springfield Township. The Ecocomplex headquarters is expected to be complete by the end of this year. The utility also owns three residential dwellings in Florence Township, which are tenant occupied with rent monies returned to the Solid Waste Utility Fund.

Permanent improvements at the RRC include the scalehouse, a wastewater collection and treatment system including five pumping stations, two 200,000 gallon storage tanks, process building, outside tankage and office trailer, methane collection and treatment system, including building to house blowers, two blowers located outside of building and landfill gas flare, water supply and distribution system, including water storage tank, co-composting process building and administration/maintenance building, household and small quantity generator hazardous waste facility and office trailer, maintenance building, and administration office (former residential dwelling).

The first 54-acre sanitary landfill is almost at capacity. New construction at the first phase (17 acres) of the new landfill utilizes state of the art methane gas capturing technology to decrease landfill closure costs while providing a source of heat and electricity. The Burlington County Freeholders approved a \$6.9 million bond ordinance on September 9, 1998. This ordinance provided for the construction of a gas-to-energy facility at the Resource Recovery Complex, as well as acquisition of vehicles and equipment for the collection of recyclables, and the closure of landfill cells. The methane gas collection facility, converting gas to electricity from decomposing garbage at the landfill and co-composting facility, could generate enough power to reduce the County's energy costs by 50%, for an initial savings of about \$300,000 per year. Additionally, the development of Landfill No. 2, which will encompass almost 70 acres, will provide the County with at least an additional 12.5 years of disposal capacity.

The Household Hazardous Waste Drop-off Facility, which opened in 1994, accepts hazardous waste from residents and businesses that generate less than 220 pounds of hazardous waste a month, known as "conditionally exempt small quantity generators." The County established fourteen municipal drop-off programs where hazardous waste is then delivered to the facility by public works departments which is then consolidated and shipped offsite for treatment, recycling or disposal.

## **SOLID WASTE DEBT SERVICE**

Burlington County's \$109 million in outstanding debt includes general obligation refunding bonds, New Jersey Wastewater Treatment Trust Bonds, and solid waste bond anticipation notes.

- \$25 million - 1993 General Obligation Refunding Bonds (final maturity 2006)
- \$39 million - 1991 WWTT Financing (final maturity 2011)
- \$46 million - Bond Anticipation Notes (BANS)

Burlington County had \$11 million of zero interest state loans forgiven pursuant to a statewide referendum in November, 1998.

\$39 million in Wastewater Treatment Trust Financing is currently outstanding. This funding was used to construct the \$37 million co-compost facility. The debt service amounts to \$3.7 million annually. The restructured debt through a state-sponsored issuance would reduce this annual payment to approximately \$3 million.

The Wastewater Treatment Trust was refinanced in April, 1998, (the Wastewater Treatment Refunding Bonds, Series 1998C), which resulted in a principal savings of \$998,829, and interest savings of \$2.3 million over the life of the issuance. New debt service for both portions of the Wastewater Treatment Trust amount to approximately \$3.7 million in 1999, (which reflects refinancing of the wastewater treatment trust in April, 1998) and remains relatively stable until the debt is paid off in 2011.

There is no interest payable on the Fund Loan of \$20,041,195.57. The Wastewater Treatment Refunding Bonds, Series 1998C reduces the total principal and interest due of \$33,399,342.19 on that portion of the WWTT, as of the refunding date. **The interest from the Trust Bond will be paid from Trust Bond proceeds on deposit in the capitalized interest account, earnings on deposit on such account, and a portion of the earnings on the debt service reserve fund. Thus, \$1.1 million of interest due in 1999 is expected to be paid as described above. Therefore, the County will be responsible for the payment of \$2.6 million in principal in 1999.**

Per the 1997 financial audit of the Solid Waste Utility Fund, there are BANS outstanding issued prior to June 30, 1997 in the amount of \$19,756,000.00 as of 12/31/97. Since that date, the County has issued approximately \$26 million in additional short-term notes. The ordinances authorizing this debt provides for the design, construction and acquisition of equipment for a co-composting facility, a materials recovery facility, a bio-filter, additional landfill cells and other improvements in the Burlington County Resource Recovery Facilities Complex.

Current debt service on the landfill debt of approximately \$25 million is \$5 million annually. Restructuring this debt through a state-sponsored issuance would reduce the annual debt service to \$2.2 million over 25 years.

The County utility expects to issue additional notes of \$7-\$8 million per year in each of the next four years (2001 – 2004) for an additional \$30 million of debt. Financial projections provided by the County do not provide sufficient revenues to cover this new debt service. The analysis predicts a post restructuring shortfall of an additional \$2 million annually. The County is cautioned to closely examine the need for additional debt given the anticipated annual shortfall.

## **TIPPING FEE ANALYSIS**

As in prior Partnership Agreements reviews, we use a benchmark to measure progress toward the stated goal of reducing the tipping fee to a competitive level. For Burlington County, the benchmark is that for every \$300,000 in cost reductions, cost reallocations and new revenues achieved, the tipping fee can be reduced by approximately \$1. At the time of our review, the

tipping fee of \$53.25 for FY 2000, which is inclusive of debt service, operating expenses, host community, recycling and co-composting operations, was market competitive.

Burlington County's disposal fee of \$53.25, which funds debt service and a portion of the operations of the above named facilities, along with the curbside recycling program, is considered very competitive in an open waste disposal market. Burlington's geographical location near Pennsylvania landfills forces Burlington to keep the tip fee competitive to attract and maintain commercial tonnage. Landfill disposal fees in neighboring states have ranged from \$45 per ton at GROWS (contractual price for Mercer County disposal only) to upwards of \$55 per ton. If hauling costs are taken into consideration, Burlington's tip fee is likely to attract and retain the historical tonnage amounts it enjoyed before waste flow deregulation.

Another factor impacting Burlington's tip fee is the policy set by Governor Ridge of Pennsylvania concerning out of state waste disposal, and the permitting of additional landfill capacity. Governor Ridge has proposed a three-year moratorium on the permitting of additional landfill capacity in his state, and has requested additional "truck stops" to ensure compliance with Pennsylvania rules and regulations governing trash disposal vehicles. This policy would make Burlington's, and in fact the state's, disposal facilities more attractive to commercial and residential generators.

Burlington must look to sources of out-of-county waste to increase their revenue stream. At their current competitive rate, they could attract commercial waste from nearby counties and states. However, this option must be balanced with the fact that increases in waste volume will reduce the life of the landfill for Burlington County residents.

Burlington's tip fee has always been among the lowest in the state, comprising not only the comprehensive solid waste management system in place, but also the curbside recycling program, the household hazardous waste operation, and the greenhouse. The recycling program costs would be reallocated back to the municipalities by contract, following the lead of Mercer and Atlantic Counties. This action would conform to pending legislation that separates the costs of recycling from the tip fee in order to become more market competitive. Our reviews have routinely recommended that host community benefits be absorbed at the County level to provide additional rate relief, at least for the next few years.

<b>HISTORY OF BURLINGTON COUNTY TIP FEE/TAX ANALYSIS</b>					
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
<b>County Tip Fee</b>	<b>38.91</b>	<b>42.91</b>	<b>44.41</b>	<b>44.41</b>	<b>45.74</b>
<b>RR Investment Tax</b>	<b>4.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Solid Waste Svs. Tax</b>	<b>1.00</b>	<b>1.05</b>	<b>1.10</b>	<b>1.15</b>	<b>1.20</b>
<b>Landfill Closure &amp; Contingency Tax</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
<b>Host Benefits-Florence</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>1.53</b>	<b>1.53</b>
<b>Host Benefits-Mansfield</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.53</b>	<b>1.53</b>
<b>Inspection Tax</b>	<b>.33</b>	<b>.33</b>	<b>.33</b>	<b>.33</b>	<b>.33</b>
<b>Recycling Tax</b>	<b>1.50</b>	<b>1.50</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Taxes</b>	<b>10.49</b>	<b>6.54</b>	<b>5.09</b>	<b>6.04</b>	<b>6.04</b>
<b>Total Tip Fee</b>	<b>49.40</b>	<b>49.45</b>	<b>49.50</b>	<b>50.45</b>	<b>51.83</b>

The loss of 20% of Burlington's waste stream forced it to consider the implementation of an EIC to generate sufficient revenue to pay debt service on the bonds and notes and operational costs. Since that time, actions taken by the County have resulted in an increase of tonnage coming into the system, so that the latest projections show a 5% shortfall in tonnage. On January 28, 1998, the County appeared before the Local Finance Board. The LFB approved an EIC in the amount of \$29.95 per ton, of which approximately \$9 is debt service related to the composting facility.

Although Burlington County has been approved by the Local Finance Board for implementation and collection of an E.I.C., this action has not been necessary in 1998 due to adequate tonnages received at the landfill which have generated sufficient revenues to avoid implementation of an EIC at this time. Moreover, upon NJDEP approval of the EIC, solid waste industry trade associations filed suit seeking an injunction barring collection of the EIC. The County has also taken cost effective measures (i.e., closing the transfer station, going to biweekly recycling collection) to become more efficient.

## **ACCOUNT BALANCES**

As of December 31, 1999, the County's solid waste utility fund has a total restricted and unrestricted cash balance of \$11,778,827.

<b>Operating Funds:</b>		<b>Capital Funds:</b>	
Revenue 1	101,984.46	Revenue	8,910.00
Revenue 2	52,695.42	NJCMF	1,659,002.47
CD	461,743.15		
MBIA	4,797,313.02		
NJCMF	1,814,789.29		
NJCMF - self-insurance	2,883,289.29		
<b>Total</b>	<b>10,111,815.27</b>	<b>Total</b>	<b>1,667,912.47</b>

County officials have documented that \$5.54 million in unrestricted reserves is available for use in 1998 and beyond. There is also a \$671,000 prior year budget lapse available for use in 1998.

## 1998 SOLID WASTE BUDGET

The Solid Waste Utility Budget for 1998 totals \$20,158,630.

Analysis of Base Rate Component for 1998			
	Budget by Cost Center	Percent of Total Budget	Cost Per Ton
Administration	\$1,934,527.48	9.60%	\$ 4.26
Scalehouse	\$ 256,741.54	1.25%	\$ 0.56
Landfill	\$3,926,760.33	19.48%	\$ 8.65
Leachate Treatment	\$ 456,148.77	2.26%	\$ 0.10
Household Waste	\$ 305,-17.76	1.51%	\$ 0.67
Shredder	\$ 342,027.26	1.70%	\$ 0.75
Recycling	\$3,979,685.31	19.74%	\$ 8.77
Greenhouse	\$ 336,878.00	1.67%	\$ 0.74
Facility, Vehicle	\$ 179,624.50	0.89%	\$ 0.40
Water System	\$ 47,099.06	0.23%	\$ 0.10
Methane Collection	\$ 155,819.99	0.77%	\$ 0.34
Co-Composting	\$ 224,000.00	1.11%	\$ 0.49
FLR	\$ 44,000.00	0.22%	\$ 0.10
Debit Service	<u>\$7,970,300.00</u>	<u>39.55%</u>	<u>\$17.58</u>
Total	\$20,158,630.00	100.00%	\$44.41

For comparison, the Solid Waste Utility Fund Budget in 1993 totaled \$21.3 million, with a tipping fee of \$49.30 per ton, which included \$10.39 per ton for state taxes.

If the utility raised its tip fee by \$10 per ton, it could raise an additional \$3.5 million per year. However, additional tonnage could be lost due to waste diversion, causing a drop in revenues.

## HOST COMMUNITY BENEFITS

Burlington County created a four hundred and eighty-six acre solid waste facility located within the Townships of Florence and Mansfield. To compensate for any adverse impacts of hosting this facility, and to support local police and emergency services, Burlington County agreed to pay each township a host community benefit fee, pursuant to N.J.S.A. 12:1E.28. This statute requires that the owners of a waste recovery center shall provide the township where the facility is located with a \$1.00 per ton waste fee, or a benefit of equal value. Between 1989 and 1997, Mansfield Township was paid the statutory minimum of \$1.00 per ton (no agreement between the County and Mansfield Township has ever been executed) and Florence Township was paid \$1.16 per ton pursuant to a host community agreement between the County and Florence Township. Since

1998, pursuant to an Order of the NJDEP issued in August 1997, the host community payment to each of Mansfield Township and Florence Township has been \$1.53 per ton. Included within the Florence Township fee is a 25% discount on the disposal of sludge or solid waste, which is generated within the township and then delivered to the Resource Recovery Complex.

## **LANDFILL CLOSURE PLAN**

Pursuant to N.J.S.A. 13:1E-176, the owner or operator of every sanitary landfill, prior to the commencement of operation, must submit for approval to the NJDEP a financial plan for closure and post/closure. The purpose of the closure plan is specify the activities that will be undertaken as part of the closure process. The post-closure care plan describes long-term site maintenance and monitoring activities after the termination of waste disposal activities and the completion of closure operations at the facility. The County's Landfill Closure Plan, dated October 1996, petitions NJDEP to allow the County to drawdown the escrow fund to pay closure costs for Landfill No. 1, as they believe the balance that will remain in the account will be sufficient to cover the post closure costs of Landfill No. 2. The combined landfill closure/post closure plan total is projected to cost \$52.3 million, of which \$15.4 million would be from bond proceeds, \$3 million from in-kind contributions, and the \$1/ton DEP escrow for \$33.8 million.

The balance available in the Landfill Closure Funds are listed in the Statement of Investments and the Statement of Reserve for Landfill Closure Trust Fund as of December 31, 1997. These funds are invested in short and long term products with a balance of \$4,164,301.51 at the end of 1997. Interest earned in 1997 amounts to \$270,704.58.

## **ADMINISTRATION**

The Burlington County Solid Waste Utility is a separately budgeted division within the County functioning within Utility Authority guidelines. Nevertheless, it is a County office and, therefore, directly responsible to the Board of Chosen Freeholders and is also able to avail itself directly of all County services and facilities. This arrangement puts Burlington County and the Utility in a position where County services can and are shared.

### **Administration**

Currently, the Solid Waste Coordinator is responsible for operation of the solid waste facilities located at the Complex including personnel, budget, and research projects. The County freeholders have attached a management specialist to oversee the administration of the Complex including permit compliance, contractual matters, general oversight, project development and construction. **We would recommend the table of organization establish a full-time operations chief under the coordinator.** This report does not suggest that the freeholder liaison role be discontinued, but rather served directly by the director or coordinator while the operations chief maintains primary responsibility over the facility and operational needs. This is also suggested since the table of organization reflects a minimal number of supervisors under the

coordinator. No real savings can be identified here since it is assumed the monies currently paid to the liaison would be continued for the operations chief. It is also agreed that both clerical support people be maintained as secretaries to both individuals.

In addition to this change, it is suggested that the administrative analyst position currently assigned to Administration be phased out with the adoption of a working agreement with County management information to participate with computer upgrades, County "E-mail", new programs, and generally newer systems to generate information flow, especially to the Treasurer's Office where final bills and accounting seems to be controlled. We would also suggest the dissolution of the accounting clerk position currently assigned to the weighmasters in favor of advanced communication and/or weighmaster responsible for transmitting information including weights and all monies collected at the weigh station. The current practice of "out-stationing" a clerk at the facility seems to be marginal at best and also problematic at worst.

### **Recommendation:**

**The team recommends that the County establish an Operations Chief directly responsible to the facility, its personnel, its contracts and all facilities. Permit the Coordinator or Director to be policy or decision-making individuals directly responsible to the Board of Chosen Freeholders, the community and all other coordinators directly attached to the facility through contractual relationships. Phase out the position of Administration Analyst at a savings of \$50,070, including benefits, through technology upgrades described above. The County should also phase out the position of account clerk assigned to the weigh station at a savings of \$39,254, including benefits.**

The savings in these areas are predicated on County shared services currently achieved in some areas where budgets are already split. We do not advocate a dissolution of the accounting arrangement, but we do believe a review of the amounts dedicated to this function from the solid waste budget be undertaken to determine the amount of time the accountant serves the solid waste department. We suggest the partial monies paid from the solid waste budget to the management specialist's secretary be withdrawn in favor of the clerk typist who would be assigned under the new proposed table of organization attached to this report. This change would amount to a savings of \$11,055.

Total administrative savings would amount to \$100,379 through a reduction of two positions.

### **Operations**

When we began this review, Burlington County operated the landfill via a contract vendor through a transfer operation and some direct entrance to the landfill. Subsequently, the Freeholders have terminated the transfer operation and all landfilled solid waste must be directly deposited on two roads constructed for access to the landfill. The County also operates a weigh station, a shredder, a hazardous waste drop-off site, a recycling operation via vendor and some staff, and leachate and methane maintenance activities.



## **Weigh Station**

The County maintains four scales, four full-time weighmasters and two part-time weighmasters as well as one supervisor. Current waste volumes have generated the need to man all scales. Part-time weighmasters are used as necessary to provide coverage over the eleven hour operating day and to cover vacation and sick time used by the full-time weighmasters. We recommend that the Supervising Weighmaster become directly involved in scale operations in addition to his supervisory function in order to reduce the coverage needed by the part-time weighmasters. It is also suggested that the weighmasters assume responsibility for part of the duties of the accounting clerk.

## **Recycling**

The County has structured a unique recycling operation arrangement with the Occupational Training Center. Currently, this position is overseen by the recycling coordinator, and we recommend no changes here in light of the existing contract. The assistant coordinator arranges much of the educational programs for the County and we recommend no changes here as well.

## **Maintenance/Leachate Treatment**

We recommend the consolidation of all treatment and maintenance concerns under one individual based on current needs and contracts and the present non-operational status of the wastewater treatment facility. We further recommend that the position of assistant engineer be phased out since all required engineering services are contracted out. The assistance engineer is performing maintenance work which could be conducted by the utility operators. This arrangement is based on the closing of the treatment facility and does not take into consideration its reopening, despite some discussion in that area. Current operations should be improved with the engineering of a new flare and should end some emergency call-in needs. The savings to be realized by phasing out the position of assistant engineer would be \$58,636.

## **Shredder**

The County has entered a new phase of operation with a vendor to create and market mulch. This project, in addition to landfill needs, brought about a need for additional acquisition of wood chips. The County has been highly successful in obtaining new sources of wood chips for its vendors and landfill, and has hired an Operator and Laborer to meet demands for the "Chipper". Although this operation could certainly be included in any vendored contract, we do not see any changes at present.

## **Hazardous Materials**

The County has a role in collecting hazardous material from its communities and recycling some of these materials or contracting to have the materials destroyed. Many other counties also participate in a hazardous waste collection system, but very few have dedicated as many as five people to the operation. In some counties, the drop off site is not staffed at all; while in others it

is handled as an additional duty, or totally vendored. It is our understanding that communities in the County have become quite comfortable with the existing arrangement through the County based on tradition and experience. However, we suggest the County continue to function with one less technician and one less clerical support. It would appear the County could permit local vendors to contract for any additional services involving hazardous materials and only involve itself in collection at the solid waste facility. We believe very strongly that the collection point could be handled by two individuals, with a total savings of \$71,131.

### **Recommendation:**

**The team recommends that regular weigh station duties be introduced to the supervisor to enhance scale needs when necessary. Consolidate treatment and maintenance under one umbrella and phase out the assistance engineer position at a savings of \$58,636. No changes to the shredder operation are foreseen; however, the inclusion of this activity within the mulch contract might be considered and researched. Finally, overhaul the Hazardous Materials collection division by contracting some additional vendors to remove wastes and reducing actual work assignments to collection only. This would eliminate the need for one technician and one clerical support for a savings of \$71,131.**

**Operations Savings Total: \$129,768.**

**Total Administration Savings Total: \$230,147**

## **COLLECTIVE BARGAINING AGREEMENTS**

The review team also analyzed the County CWA 1044 contract that comprises 11 titles and 16 employees within its scope. In addition, all permanent employees are covered by civil service regulations, which are set by statute and rule. The contract appears to be comprehensive and very similar to the state contract.

### **Salary**

The County sets ranges for positions, and this specific contract is in effect through December, 1998. The salaries and increases granted are either at 2%, 2.5% or a predetermined amount of increase, usually in the \$560 range over the three years covered by the contract. We do not find these amounts to be excessive and general seniority based increments seem to be standard, although merit does not seem to be a factor in these raises. Therefore, we suggest a merit evaluation system be studied for County usage.

LGBR was not given access to individual salary guides as it pertains to appointed or unclassified positions, so no evaluation of pay scales in this area could be completed or benefits analyzed.

## **LONG TERM SOLID WASTE DISPOSAL PLAN**

The state recognizes that the solid waste utility has a need for financial assistance in the short-term on an emergency basis in the amount of \$2.5 million to meet debt service obligations.

The state's proposal to address Burlington County's long term solid waste debt operations and the continued operation of an environmentally sound solid waste system serves the long term interests of the taxpayers of Burlington County and the State of New Jersey.

The state's proposal includes the following:

- The state would refinance certain outstanding debt obligations of the County's solid waste utility through the year 2030, and assist in the repayment of such obligations. The four groups of existing utility debt subject to refinancing include the Wastewater Treatment Trust Loans, Series 1991; Wastewater Treatment Fund Loans, Series 1991; General Obligation Refunding Bonds, Series 1993, and the various Solid Waste Utility General Obligation Bond Anticipation Notes.
- The state's financial assistance to the utility shall comprise an amount that is equal to 40% of the annual debt service of the refinanced debt as described in the final partnership agreement between the state and the County.
- The State will require Burlington County to provide its general obligation pledge on its share of the restructured debt service.
- The County will be responsible for all operating costs of the solid waste system for Burlington County, the remaining portion (60%) of the refinanced solid waste debt, and all other current and future debt obligations that the utility has incurred or will incur in the future.
- The County of Burlington will enter into a loan agreement with the state to unconditionally make payments to the state representing 60% of all debt service payments due under any refinanced amortization schedule.
- The details of this proposal would be set forth in a series of documents to be executed by the parties, and is conditioned by the County implementing the recommendations contained in this audit to the satisfaction of the State Treasurer.

## **LOCAL GOVERNMENT BUDGET REVIEW TEAM**

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